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Consumers are spending less than earlier in the year, even though their income continues to rise.

Sales at retail stores picked up a little this summer but continued below the level of last winter. They also were below last summer when the first buying wave following the outbreak of war in Korea was at its peak. With production continuing high, inventories were built up rapidly.

Weaker demand and generally ample supplies have been responsible for the downtrend in farm and wholesale prices. In late September, wholesale prices averaged 4 percent below the mid-March peak. Prices to farmers registered an even larger drop, moving down 7 percent from the February peak to mid-September.

Lower prices for crops account for most of the decline in the index of prices received by farmers. Crop prices in mid-September were down 16 percent from February and averaged slightly lower than a year earlier. Prices of livestock products, on the other hand, are only a little below February and 13 percent above a year ago.

Retail prices have been much more stable than those in farm and wholesale markets. Prices paid by farmers for commodities used in production or for family living have changed little. The same is true for retail prices paid by city people.

Although demand has weakened in recent months it remains high compared with past years. With income rising, investment by business in plant and equipment at a high level and requirements for defense increasing, demand for most goods and services is expected to continue strong.

However, supplies probably will be large enough to prevent a marked price rise in the next few months. Farm production is a record this year, inventories of many consumer goods are large, and the productive capacity of industry is increasing rapidly.

LIVESTOCK AND MEAT Hog slaughter increased much more rapidly than usual in August and September. Consequently, the seasonal gain from now until December, when the peak is expected, probably will be less than average. Hog prices have declined with the rise in marketings and are below a year ago. The relationship between hog prices and corn prices is now about average after having been above average the past three years. Probable result is that the 1952 spring crop will show little, if any increase, over 1951.

Fall cattle slaughter peak is expected soon. Prices have continued near ceiling-equivalent levels.

DAIRY PRODUCTS Milk prices received by farmers have risen seasonally since June and averaged \$4.60 per cwt. in mid-September. However, butterfat prices have changed little since last winter. Milk production the rest of the year probably will total about the same as in the like period of 1951.

POULTRY AND EGGS Marketings of young and mature farm chickens are near the season's peak and sales of commercial broilers also are large. Prices are averaging somewhat lower than in recent months. Turkeys from the 1951 crop are coming to market in volume. Even though the number of turkeys raised is estimated to be 16 percent above last year, prices are a little higher.

FATS AND OILS About a tenth more edible vegetable oils, more lard, less butter and less flaxseed are expected to be produced in 1951 than last year. Fats and oils prices in September averaged higher than in August and were about the same as a year earlier.

FEEDS Production of feed grains and byproduct feeds in 1951-52 is expected to total 3 percent below the last 2 years. On the other hand, the increased number of livestock on farms probably will consume more concentrates than in any other year since the World War II peak.

Feed grain prices in September stayed close to August levels; many of the byproduct feeds advanced.

The hay picture is more favorable. In September, the supply was estimated to be larger than in any past year.

FRUITS The deciduous fruit crop totals about a tenth larger than in 1950,

Increased packs of dried fruits, canned fruits, canned fruit juices and frozen fruit juices are expected this year. The pack of frozen fruits probably will be about as large as in 1950.

Orange and grapefruit prices in farm and terminal markets are likely to decline in the next few weeks as the new Florida crop is marketed in volume. Cannery stocks of canned citrus fruits and juices on Sept. 1 were $2\frac{1}{2}$ times as large as a year earlier; frozen orange juice stocks were almost twice as large.

WHEAT Spring wheat prices declined as movement to market increased and in September dropped below effective loan rate. On the other hand, winter wheat prices were above effective loan rate.

VEGETABLES Prices for most truck crops this fall are expected to be well above a year earlier. Demand is stronger and production is down considerably.

Stocks of most frozen vegetables at the end of August were a record for the date. Stocks of most canned vegetables have been below the record levels of a year ago. With production of truck crops for processing larger this year than last, total supplies of canned and frozen vegetables probably will be large enough to meet military civilian demand with only moderate increases in price.

Supplies of potatoes in prospect are about in line with demand. Prices to farmers for the 1951 crop probably will average higher than in 1950.

COTTON Prices of cotton in the 10 spot markets moved upward slowly during most of September after declining in August. Partly responsible for the rise was the removal of restrictions on exports and a reduced rate of marketings by farmers.

WOOL Prices of wool in British Dominions auctions, which opened in late August, continued the decline which began last spring and in mid-September were lower than just before the Korean war began. At that time, the average price received by American producers was 66.9 cents per pound, about 10 cents below mid-August and only slightly higher than a year earlier.

TOBACCO Flue-cured tobacco prices have been running below the record levels of last season, mainly because a larger proportion of the tobacco sold has been of low quality. Total supply of flue-cured available for 1951-52 is a record.

